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September 29, 2017

Director
Financial Institutions Division
Financial Sector Policy Branch
Department of Finance Canada
James Michael Flaherty Building
90 Elgin Street
Ottawa ON K1A 0G5

sent via email to fin.legislativereview-examenlegislatif.fin@canada.ca

SUBMISSION responding to consultation paper:

**Potential Policy Measures to Support a Strong and Growing Economy:
Positioning Canada's Financial Sector for the Future**

On behalf of the board of our credit union, I am responding to specific proposals in the consultation paper of August 11, 2017. First, we appreciate the opportunity to contribute to the policy discussions related to federal legislation, and we acknowledge the decision by OSFI to defer actions related to restricted words in the advisory of June 30, 2017.

CCEC Credit Union is a small credit union in Vancouver serving community organizations, co-operatives and social enterprises, and many individuals belonging to these organizations. We have @4000 members with @400 being incorporated associations, co-ops, or businesses. As a community development credit union, we provide basic banking services to marginalized populations and supports an array of projects that have addressed affordable housing, social justice, women's rights, and economic fairness. Our credit union has a proud history of providing responsive banking services, and loans, to small enterprises, new co-ops, and novel community-based projects.

We consent to the disclosure of this submission in its entirety.

Our submission primarily focuses on the Department of Finance's consultation question about the Bank Act restrictions on the use of the terms "bank and banking" by non-banks and credit unions in particular.

We seek a common sense approach that recognizes that the terms bank-banker-banking are in general usage and understood to be related to prudential deposit-taking institutions. Credit unions have been referencing conventional financial services in this way for decades and it has now presented a problem. We see no reason for a blanket restriction on usage of these words.

The proposed restriction has several implications that may conflict with the broader public policy goals related to competition and consumer protection (stated in the Department paper), and that may confer unnecessary burden on credit unions:

- The ban would disadvantage smaller deposit-taking credit unions, making them less able to compete directly.
- Credit unions would be obliged to invent new terms that are not commonly understood. New terminology may introduce more confusion rather than clarity.
- Credit unions would incur conversion costs to revise forms, advertising materials, and websites.
- The ban would stigmatize credit unions without foundation, as credit unions have proven to be strong and capable performers through financial crises and recessions. Credit union regulation at the provincial levels has been sound and resilient.

Provincially regulated credit unions are fundamentally different from banks as a network of consumer co-operatives. They are an expression of consumer 'self-protection' that has ensured that we have a healthy financial services sector.

We recommend the Department of Finance propose changes to the Bank Act that would allow credit unions, as prudentially regulated deposit-taking institutions, to use the terms “bank” and “banking” to describe their activities and services.

In addition, the paper also raises proposals related to Federal Credit Unions and governance. We support the principle of strengthening shareholder democracy as outlined in the consultation paper. However, we observe that the paper does not speak to the issue of open and fair director elections.

- We support the proposals for increased diversity on boards and the “comply or explain” model.
- We note that accountability may be enhanced by shortening director terms of office, but this has other potential negative consequences. Perhaps you could consider provisions to ensure (1) that nominations are not unduly restricted, (2) that real campaigning be permitted, and (3) that meaningful information on candidates be circulated. Voting members must have adequate information and options in order to ensure director accountability. Only if such provisions are in place should 'voting in advance' of an annual meeting be permitted.

- We support a low threshold for member/shareholder proposals since credit union membership lists are not made public. The latter severely impairs efforts of any concerned members to reach out to others. Perhaps a number as low as 300 members should be enough. This also strengthens democratic accountability.

Thanks for your consideration. If you wish to reach me, I am at 778-237-0813,
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Sincerely

Ross Gentleman

of behalf of the CCEC Credit Union Board of Directors

cc. CCUA, Central 1 Credit Union